

**AMENDMENT TO THE AMENDMENT  
IN THE NATURE OF A SUBSTITUTE  
OFFERED BY MR. LARGENT**

**[Unitary thrift holding companies]**

Strike section 401 and insert the following new section (and amend the table of contents accordingly):

1 **SEC. 401. PREVENTION OF CREATION OF NEW S&L HOLD-**  
2 **ING COMPANIES WITH COMMERCIAL AFFILI-**  
3 **ATES.—**

4 (a) AMENDMENT TO HOME OWNERS' LOAN ACT.—  
5 Section 10(c) of the Home Owners' Loan Act (12 U.S.C.  
6 1467a(c)) is amended by adding at the end the following  
7 new paragraph:

8 “(9) PREVENTION OF NEW AFFILIATIONS BE-  
9 TWEEN S&L HOLDING COMPANIES AND COMMERCIAL  
10 FIRMS.—

11 “(A) IN GENERAL.—Notwithstanding para-  
12 graph (3), no company may directly or indi-  
13 rectly, including through any merger, consolida-  
14 tion, or other type of business combination, ac-  
15 quire control of a savings association after May

1           27, 1999, unless the company is engaged, di-  
2           rectly or indirectly (including through a sub-  
3           sidiary other than a savings association), only  
4           in activities that are permitted—

5                   “(i) under paragraphs (1)(C) or (2);

6                   or

7                   “(ii) for financial holding companies  
8                   under section 6(c) of the Bank Holding  
9                   Company Act of 1956.

10               “(B) PREVENTION OF NEW COMMERCIAL  
11               AFFILIATIONS.—Notwithstanding paragraph  
12               (3), no savings and loan holding company may  
13               engage directly or indirectly (including through  
14               a subsidiary other than a savings association)  
15               in any activity other than as described in  
16               clauses (i) and (ii) of subparagraph (A).

17               “(C) PRESERVATION OF AUTHORITY OF  
18               EXISTING UNITARY S&L HOLDING COMPA-  
19               NIES.—Subparagraphs (A) and (B) shall not  
20               apply with respect to any company that was a  
21               savings and loan holding company on May 27,  
22               1999, or that becomes a savings and loan hold-  
23               ing company pursuant to an application pend-  
24               ing before the Office of Thrift Supervision on or  
25               before that date, and that—

1 “(i) meets and continues to meet the  
2 requirements of paragraph (3); and

3 “(ii) continues to control not fewer  
4 than 1 savings association that it con-  
5 trolled on May 27, 1999, or that it ac-  
6 quired pursuant to an application pending  
7 before the Office of Thrift Supervision on  
8 or before that date, or the successor to  
9 such savings association.

10 “(D) CORPORATE REORGANIZATIONS PER-  
11 MITTED.—This paragraph does not prevent a  
12 transaction—

13 “(i) that involves solely a company  
14 under common control with a savings and  
15 loan holding company from acquiring, di-  
16 rectly or indirectly, control of the savings  
17 and loan holding company or any savings  
18 association that is already a subsidiary of  
19 the savings and loan holding company; or

20 “(ii) that involves solely a merger,  
21 consolidation, or other type of business  
22 combination as a result of which a com-  
23 pany under common control with the sav-  
24 ings and loan holding company acquires,  
25 directly or indirectly, control of the savings

1                   and loan holding company or any savings  
2                   association that is already a subsidiary of  
3                   the savings and loan holding company.

4                   “(E) AUTHORITY TO PREVENT EVA-  
5                   SIONS.—The Director may issue interpreta-  
6                   tions, regulations, or orders that the Director  
7                   deems necessary to administer and carry out  
8                   the purpose and prevent evasions of this para-  
9                   graph, including a determination that, notwith-  
10                  standing the form of a transaction, the trans-  
11                  action would in substance result in a company  
12                  acquiring control of a savings association.

13                  “(F) PRESERVATION OF AUTHORITY FOR  
14                  FAMILY TRUSTS.—Subparagraphs (A) and (B)  
15                  shall not apply with respect to any trust that  
16                  becomes a savings and loan holding company  
17                  with respect to a savings association, if—

18                         “(i) not less than 85 percent of the  
19                         beneficial ownership interests in the trust  
20                         are continuously owned, directly or indi-  
21                         rectly, by or for the benefit of members of  
22                         the same family, or their spouses, who are  
23                         lineal descendants of common ancestors  
24                         who controlled, directly or indirectly, such  
25                         savings association on May 27, 1999, or a

1 subsequent date pursuant to an application  
2 pending before the Office of Thrift Super-  
3 vision on or before May 27, 1999; and

4 “(ii) at the time at which such trust  
5 becomes a savings and loan holding com-  
6 pany, such ancestors or lineal descendants,  
7 or spouses of such descendants, have di-  
8 rectly or indirectly controlled the savings  
9 association continuously since May 27,  
10 1999, or a subsequent date pursuant to an  
11 applications pending before the Office of  
12 Thrift Supervision on or before May 27,  
13 1999.”.

14 (b) CONFORMING AMENDMENT.—Section 10(o)(5) of  
15 the Home Owners’ Loan Act (15 U.S.C. 1467a(o)(5)) is  
16 amended—

17 (1) in subparagraph (E), by striking “, except  
18 subparagraph (B)”;

19 (2) by adding at the end the following new sub-  
20 paragraph:

21 “(F) In the case of a mutual holding com-  
22 pany which is a savings and loan holding com-  
23 pany described in subsection (c)(3), engaging in  
24 the activities permitted under subsection  
25 (c)(9)(A)(ii).”.

1           (c) GAO STUDY OF AFFILIATION OF SAVINGS ASSO-  
2 CIATIONS WITH COMMERCIAL COMPANIES AND S&L  
3 HOLDING COMPANY REGULATION.—

4           (1) IN GENERAL.—The Comptroller General  
5 shall conduct a study of—

6           (A) the effect of permitting the affiliation  
7 of savings associations with commercial compa-  
8 nies, including—

9           (i) competitive effects as between—

10                   (I) commercial companies that  
11 are not permitted to affiliate with de-  
12 pository institutions and ones that  
13 have a savings association affiliate;  
14 and

15                   (II) savings associations that do  
16 not have a commercial affiliate and  
17 ones who do; and

18           (ii) conflicts of interest; and

19           (B) the diligence and effectiveness of the  
20 Director of the Office of Thrift Supervision in  
21 examining and regulating savings and loan  
22 holding companies, generally, and savings and  
23 loan holding companies which are a commercial  
24 company or have a commercial affiliate, in par-  
25 ticular.

1           (2) REPORT.—Before the end of the 1-year pe-  
2           riod beginning on the date of the enactment of this  
3           Act, the Comptroller General shall submit a report  
4           to the Congress containing the findings and conclu-  
5           sions of the Comptroller General with respect to the  
6           study required under paragraph (1), together with  
7           such recommendations for administrative and legis-  
8           lative action as the Comptroller General may deter-  
9           mine to be appropriate.